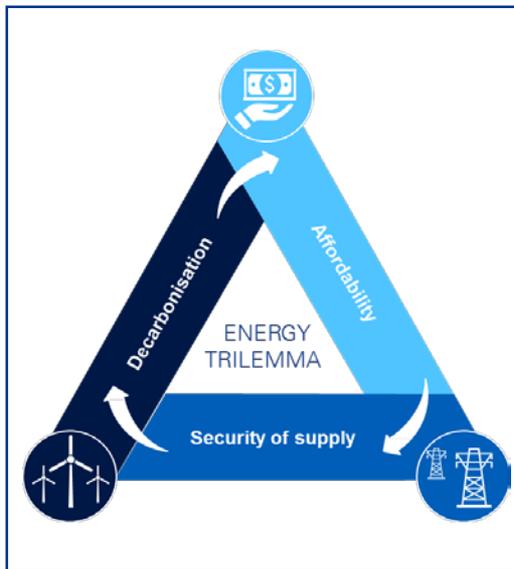




The Brexit Government and its priorities



- Continued emphasis on affordability and security of supply, although a clear commitment to decarbonisation retained
- Now also a focus on an active industrial strategy – focus on jobs and investment
- New people in every key position in Government in 2016 – decision making will be slow
- Brexit to be triggered imminently – unclear what type of deal the UK can achieve

UK Renewables the statistics

- UK is a global leader in renewable generation, which accounted for more than 25% of UK's electricity generation in 2015
 - Growth in renewable generation has been driven by significant increases in capacity for Solar PV, Onshore Wind, Waste and Bioenergy and Offshore Wind technologies
 - Investment in the UK renewables market has increased annually, with investment from 2011 to 2015 totalling £45.7bn
- The UK has volunteered to meet legally binding EU carbon and renewables targets to support the decarbonisation of the UK energy market through:
 - Government carbon budgets to ensure the EU target of 80% reduction by 2050 is met, through successive five-year periods beginning in 2008, including 35% reduction below base year levels by 2020 (on a 1990 baseline)
 - Legislating targets to source energy from renewables by 2020 (the current UK target is for 15% of total energy gross final consumption to be met by renewable sources by 2020), as well as setting non-binding sub-targets which would contribute to the overall target
 - UK has also ratified the Paris Agreement, committing to keep global warming below 2C, with a long term goal for net zero emissions

Government's key policy measures: EMR

Prevent 'cliff' retirement
of capacity

Ensure carbon has a
predictable minimum
price

Incentivise new low
carbon generation

Prevent new high
emission generation

Capacity market

- New market to compensate reliable generating resources for being available during times of scarcity
- Competitive auction for capacity agreements available to all technologies (on a competitive basis) unless receiving support

Carbon price floor

- Carbon floor price sets a minimum price for carbon emissions
- Applies to all generation emitting carbon based on the level of carbon dioxide emissions

Contract for Difference

- FiT CfDs are effectively long-term contracts between a generator and a contract counterparty
- Contracts enable the generator to stabilise its revenues at a pre-agreed level (i.e. a strike price) for the duration of the contract,

Emissions performance standards

- EPS is an annual emissions limit on the amount of CO₂ (450g CO₂/kWh) that each new fossil fuel power station may emit to atmosphere
- The limits are per power station and will not be applied retroactively

Multi-sector Trade Mission to the UK 2017

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 #MisionCCAB2017



The investor universe is getting more diverse

FINANCIALS



RENEWABLES FUNDS RAISED



OIL AND GAS



UTILITIES



TECHNOLOGY/ OTHER STRATEGIC INVESTORS



INTEGRATED HEAVY INDUSTRY AND SUPPLY CHAIN



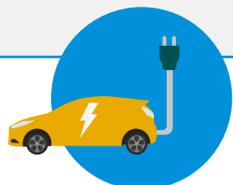


The pace of change in energy markets continues to accelerate, driven by new technology and regulatory change

Energy demand



Rising energy demand in emerging markets. Paris Agreement calls for **radical action to cut emissions**



Electrification of transport will have major implications for the energy sector



Geopolitical security of supply considerations driving **support for indigenous generation**

Energy supply

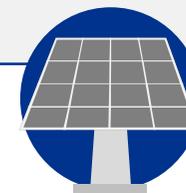


Gas and renewables can play complementary roles in helping meet decarbonisation objectives, whilst **ensuring security of supply** and **keeping costs down**: gas (including shale) as a low cost, flexible fuel source through the transition, while the **costs of renewable and storage technologies continue to fall**



Digitalisation and smart technologies changing way to engage with customers and manage assets, introducing new capacity and efficiencies at more micro levels

Technical & commercial implications



Energy markets are becoming **increasingly decentralised** as a result of smaller distributed assets



Increased intermittency is leading to **greater emphasis on flexibility and balancing** requirements



Sectors are converging, innovation is creating new business models, challenges and opportunities (e.g. electrification of transport)